

# West Virginia Pharmacy Cost Management Council

## *Meeting Minutes*

*September 9, 2004 at 9:00 a.m.*

*State Capitol Complex, Building 1, Room 157-K*

*Charleston, West Virginia 25305*

### **Members Present:**

**Shana Phares, Chair**  
**Robin Perdue**  
**Keith Huffman**  
**Peggy King**  
**Ann Stottlemeyer**  
**Felice Joseph**  
**Charles L. Burdette**  
**Kevin Outtersson**  
**Dr. Wayne Spiggle**  
**Stephen Neal**

### **Absent:**

**Phil Shimer**  
**Nancy Atkins**  
**Heather Bresch**

### **Others Present:**

**See Attached Register**

Attending the meeting as a representative for Heather Bresch of Mylan Laboratories was Leah L. Summers.

Ms. Phares called the meeting to order. Members of the Council were previously emailed copies of the minutes from the Public Hearing held on August 24, 2004 at the Raleigh County Armory, Beckley, West Virginia. A motion to approve the minutes was made by Ann Stottlemeyer. Seconded by Dr. Spiggle. Motion carried unanimously. Additionally, a motion was made to approve the Minutes of the Council Meeting held on August 25, 2004 at Glade Springs Hotel and Conference Resort in Daniels, West Virginia. Moved by Dr. Spiggle. Seconded by Ann Stottlemeyer. Motion carried unanimously.

Ms. Phares next distributed an outline of components of the legislative mandate of the Council to study the fiscal impact of the federal "Medicare Prescription Drug Improvement and Modernization Act of 2003." This report is due to the legislative committee October 15, 2004. A breakdown of the report's components and Council members assignments are as follows:

*A. Medicare Discount Card: Ms. Stottlemeyer and Mr. Burdette*

1. Detail number of West Virginians who received the card and average savings per beneficiary;
2. Comparison of Medicare discount cards to manufacturers' cards;
3. Difference in discount cards as they relate to beneficiaries;
4. Difference in discount cards as they relate to pharmacies; and,

5. Impact to state if it is responsible for determining eligibility.
- B. *Medicare Part D benefit – impact on beneficiaries:* Ms. King, Ms. Stottlemeyer and Prof. Outtersen through WVU School of Pharmacy
  1. Outline of the benefits; and,
  2. Detail how many West Virginians are eligible for \$600 benefit.
- C. *Clawback:* Ms. Atkins and Ms. King
  1. Prepare two-page summary for September 22<sup>nd</sup> meeting to describe impact to state of shifting responsibility for dual (Medicare & Medicaid) eligibles' prescription costs from federal government to the state.
- D. *Supplemental credit to organizations for retaining retiree benefits:* Ms. Joseph (collaborate with WV Chamber of Commerce)
  1. Describe supplemental credit from federal government to employers (28¢ per dollar spent) who retain retiree benefits;
  2. Describe cost-benefit to state and to retirees should the state drop PEIA retirees; and,
  3. Ascertain number of companies (if any) who are considering dropping retiree prescription benefits.
- E. *Impact on Hospitals*
  1. Extra money for some hospitals.
- F. *Impact on Oncology Services and Providers*
- G. *Other Issues*

Ms. Phares suggested that for items E., F., and G., members of Council work with Tony Gregory and Mike Robbins of the West Virginia Hospital Association to develop responses to these issues.

In conclusion, Ms. Phares stated that preparation of the aforementioned report will be the main topic of the Agenda for the next meeting of Council and asked that all participants have their information available at that time for discussion and dissemination.

During discussion of the requirements of the report, Dr. Spiggle asked for information on how the manufacturers' discount cards work from the standpoint of the pharmacist and Mr. Burdette advised he would get the information for Dr. Spiggle. Mr. Neal explained in detail how the discount cards are supposed to work, noting that with the Transitional Assistance Card (which is the \$600 Medicare Part D benefit) the PBM is reimbursed through Medicare. However, there are no economic reports on the various discount cards because there are approximately 200 different sponsored cards.

Ms. Phares advised those present that the Clearinghouse Report prepared by the Discount Subcommittee was filed with the Legislature on September 1, 2004 as required by House Bill 4084, §5A-3C-4. Dr. Spiggle further advised Council members that the West Virginia State Medical Association came out in favor of a bulk replacement model as a preferable State clearinghouse program per Council's report.

Ms. Phares announced that prior to the next Council meeting on September 22, 2004, the Select Committee C – Pharmaceutical Availability and Affordability will meet on Tuesday, September 21, 2004 at 12:00 PM in the House Finance Committee Room and she urged members of Council to attend.

Next on the agenda, Ms. Phares presented the draft of the Reference Pricing Report, which is due to the Joint Committee on Government and Finance on or before September 15, 2004. Ms. Phares then turned the meeting over to Prof. Outtersen who explained in detail the report.

The report is broken down into four sections: Executive Summary, Background, Recommendations, and Strategic Plan. At the conclusion of the report, Council recommends the Federal Supply Schedule (FSS) with the Australian PBS as a back-up option. The recommendation regarding FSS and Australian PBS is that FSS would be considered as a starting point for the State when negotiating for pharmaceutical manufacturers with individual manufacturers. The recommendation is not meant to create a reference pricing schedule imposing a ceiling on the price that any individual manufacturer can charge for its products. The strategic plan for implementation includes consolidation of all State drug purchasing in a cabinet-level office, the Pharmaceutical Advocate. The State will attempt to maximize its bargaining power in the market through a purchasing consortium with private payors and other States, developing a preferred drug list (PDL) and by acting as a virtual wholesaler. If the State is unable to achieve FSS reference prices through these measures, the Council has started the process of evaluating stronger options.

A motion was made by Dr. Spiggle and seconded by Mr. Burdette to accept the Reference Pricing Report, with the provision that technical cleanup of errors may be made to the report. Motion carried unanimously. The overview of the report, exhibits and the report in its entirety will be available online at the Council's website.

Ms. Phares reminded the Council members that the Report of the Purchasing Subcommittee will be the topic of the Agenda for the next Council meeting scheduled for Wednesday, September 22, 2004.

The meeting concluded at 11:35 am.